GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5949
ANSWERED ON:31.08.2001
BANK LOAN DEFAULTERS
UMMAREDDY VENKATESWARLU

Will the Minister of FINANCE be pleased to state:

(a) Whether the Indian Banking Association has represented to Government seeking protection in their efforts to collect loans from giant defaulters;

(b) if so, the details of this representation;

(c) whether the Government have identified big defaulters who are creating problems for the banking industry in this matter; and

(d) if so, the action proposed by Government to ensure that big defaulters do not threaten the banking sector?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a),(b),(c)&(d): In one case, Indian Banks` Association (IBA) had forwarded to the Government in July, 2001 a copy of letter from the Chairman & Managing Director of a public sector bank where, subsequent to legal action through the Debt Recovery Tribunal (DRT) and sale of property charged to the bank as security, the borrower had filed a criminal complaint against the Chairman & Managing Director and other senior executives of the bank. In a meeting of the Finance Minister with the chief executives of public sector banks, the Chairman, IBA mentioned that banks` executives taking stringent legal action for recovery of dues faced such retaliatory actions by powerful borrowers and sought Government`s support in facing such threats. The Finance Minister assured the full protection of the Government to the bank executives in their drive for recovery of the banks` dues and urged them to pursue such cases relentlessly and with vigour.